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UNCLAS TEGUCIGALPA 001837

SIPDIS

SENSITIVE

STATE FOR WHA/CEN, WHA/ EPSC, EB/ESC, DRL/IL, AND
CA/ACS/OCS/WHA
STATE FOR DS/IP/WHA - MFLYNN, DS/ITA - KHALL, DS/DSS/OSAC -
CMEDEIROS
TREASURY FOR DDOUGLAS
COMMERCE FOR MSEIGELMAN
ENERGY FOR IA
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E.O. 12958: N/A

TAGS: [ASEC](#) [EPET](#) [ECON](#) [ELAB](#) [PGOV](#) [CASC](#) [KSAC](#) [HO](#)

SUBJECT: RAISING FUEL COSTS LEADS TO TRANSPORTATION STRIKE
PARALYZING TEGUCIGALPA; GOH QUICKLY RETRACTS PART OF PRICE
RISE

¶11. (U) Summary. On Tuesday, September 6, 2005, both taxi and bus drivers blocked intersections and several main arteries leading in and out of Tegucigalpa to protest the raising cost of gasoline in Honduras. There have been unconfirmed reports of violence, including rocks being thrown at vehicles and shots fired at protesters blocking key intersections. Over the last several months, the public transportation sector has been pushing for fare increases, but government officials have not cooperated. After the 25 percent increase in gasoline prices to 85 lempiras per gallon (USD 4.50) on Saturday, September 3, the unrest in the public transportation sector was once again front and center. Bowing to "transportista" pressure, the GOH announced on the night of September 6 that prices would be reduced by 7 lempira (about 40 U.S. cents), which would yield a net increase of 10 lempiras (a 16 percent increase) over pre-hike prices, but that offer has been insufficient to halt transport strikes and road closings by angry taxi drivers. End Summary.

¶12. (U) Gasoline prices in Honduras, already the highest in Central America, took another jump this past weekend with price increases caused by Hurricane Katrina. By mid-morning September 6, the public transportation sector was out in the street blocking intersections and several routes in and out of the city. By the afternoon, there were scattered reports of rocks being thrown at taxi drivers who did not participate in the strike. Windshields were broken and passengers were taken out of the vehicles. During most of the day when these incidents took place, the police were no where to be found. Several reports of drivers angry with the traffic delays shot at demonstrators blocking intersections. RSO is still trying to confirm these reports. Yet, it appears a public, while not happy with the increase in gasoline prices, is more focused on the disruption of taxi and bus services.

¶13. (U) As of early September 7, there are reports of roads into and out of Tegucigalpa being blocked, as well as several areas in downtown being blocked by taxis. So far, there have been reports of military and police located at several key intersections/overpasses in an attempt to keep traffic moving. Both international schools used by the Embassy are closed today because of the strike, as well as most other private schools and all public schools in the city. RSO is keeping American and local employees informed of the changing situation via radio reports and e-mails. All roads to/from the international airport are apparently blocked. Most protests organized by teachers' unions and the Popular Block protest organization are planned for September 8.

¶14. (U) The security office will continue to monitor the situation and report any new developments. Should you have further questions please contact RSO Lizzi.

¶15. (SBU) Comment: The issue is already a hot potato politically, with the opposition Liberal Party seizing on it to lambaste the Nationalist government. The rising cost of gas dovetails nicely with Liberal Party presidential candidate Manuel "Mel" Zelaya's message that average Hondurans have not benefited economically under the current Maduro Administration due to a growing cost of living and a lack of jobs. Meanwhile, National Party presidential candidate Porfirio "Pepe" Lobo, current President of Congress, has tried to distance himself from the Maduro Administration by joining Zelaya and others (most notably Catholic Church Cardinal Oscar Rodriguez) in calling for reductions in the price of gas. Lobo has gone as far as to threaten congressional action if the executive branch does not act quickly enough. End Comment
Williard